NEW YORK GENOME CENTER, INC.

Financial Statements and Supplementary Information on Federal Awards Programs

December 31, 2023

(With Independent Auditors' Report Thereon and Reports on Internal Control and Compliance)

NEW YORK GENOME CENTER, INC.

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Independent Auditors' Report

The Board of Directors
New York Genome Center, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New York Genome Center, Inc. (the Center), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

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substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2024 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

KPMG LLP

New York, New York
May 22, 2024

NEW YORK GENOME CENTER, INC.

Statements of Financial Position

December 31, 2023 and 2022

Assets		2023	2022
Cash	$	9,326,778	15,599,937
Short-term investments		3,505,459	—
Security deposits (note 9)		5,516,257	6,435,369
Pledges receivable, net (note 3)		18,649,498	8,022,270
Accounts receivable		7,382,860	5,451,902
Prepaid expenses		2,491,274	3,583,624
Inventory, net		1,607,153	2,260,088
Property and equipment, net (note 5)		46,071,277	43,861,055
Operating right-of-use asset (note 9)		89,199,833	96,308,211
Other assets (note 10)		301,841	217,995
Total assets	$	184,052,230	181,740,451
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	7,098,614	7,934,093
Deferred revenue (note 4)		14,803,697	15,840,681
Finance lease obligations (notes 5 and 9)		2,053,251	—
Lease liability (note 9)		111,520,594	119,737,208
Long-term debt (note 8)		2,660,000	3,380,000
Total liabilities		138,136,156	146,891,982
Net assets:			
Without donor restrictions		20,204,925	22,710,365
With donor restrictions (note 2(m))		25,711,149	12,138,104
Total net assets		45,916,074	34,848,469
Total liabilities and net assets	$	184,052,230	181,740,451

See accompanying notes to financial statements.

NEW YORK GENOME CENTER, INC.

Statement of Activities

Year ended December 31, 2023
(With summarized information for year-ended December 31, 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	Total
Revenue and other support:				
Contributions (note 3)	$ 28,207,827	18,036,720	46,244,547	29,822,295
In-kind contributions	1,358,361	—	1,358,361	2,153,885
Grants (note 4):				
Federal	22,283,205	—	22,283,205	14,946,320
Private	9,074,667	—	9,074,667	4,313,024
Research sequencing services	5,649,337	—	5,649,337	9,825,238
Clinical sequencing services	4,063,197	—	4,063,197	1,452,730
Corporate sponsored research	1,575,796	—	1,575,796	2,073,162
Members' dues	2,735,000	—	2,735,000	2,735,000
Other revenue (note 4)	5,245,918	—	5,245,918	4,857,713
Net assets released from restrictions	4,463,675	(4,463,675)	—	—
Total revenue and other support	84,656,983	13,573,045	98,230,028	72,179,367
Expenses (note 6):				
Salaries, payroll taxes, and employee benefits	33,690,192	—	33,690,192	29,302,214
Rent, utilities, maintenance, insurance (note 9)	19,342,754	—	19,342,754	18,423,030
Direct cost of sequencing	15,563,736	—	15,563,736	12,804,532
Professional fees	7,165,142	—	7,165,142	5,678,311
Information technology	3,836,885	—	3,836,885	3,441,469
Recruitment, training, memberships, and subscriptions	403,791	—	403,791	389,862
Other expenses	930,197	—	930,197	953,655
Interest expense and bank fees	310,369	—	310,369	301,313
Depreciation	5,919,357	—	5,919,357	5,179,168
Total expenses	87,162,423	—	87,162,423	76,473,554
Change in net assets	(2,505,440)	13,573,045	11,067,605	(4,294,187)
Net assets – beginning of year	22,710,365	12,138,104	34,848,469	39,142,656
Net assets – end of year	$ 20,204,925	25,711,149	45,916,074	34,848,469

See accompanying notes to financial statements.

NEW YORK GENOME CENTER, INC.

Statement of Activities

Year ended December 31, 2022

	2022		
	Without donor restrictions	**With donor restrictions**	**Total**
Revenue and other support:			
Contributions (note 3)	$ 26,069,231	3,753,064	29,822,295
In-kind contributions	1,811,647	342,238	2,153,885
Grants (note 4):			
Federal	14,946,320	—	14,946,320
Private	4,313,024	—	4,313,024
Research sequencing services	9,825,238	—	9,825,238
Clinical sequencing services	1,452,730	—	1,452,730
Corporate sponsored research	2,073,162	—	2,073,162
Members' dues	2,735,000	—	2,735,000
Other revenue (note 4)	4,857,713	—	4,857,713
Net assets released from restrictions	4,586,833	(4,586,833)	—
Total revenue and other support	72,670,898	(491,531)	72,179,367
Expenses (note 6):			
Salaries, payroll taxes, and employee benefits	29,302,214	—	29,302,214
Rent, utilities, maintenance, insurance (note 9)	18,423,030	—	18,423,030
Direct cost of sequencing	12,804,532	—	12,804,532
Professional fees	5,678,311	—	5,678,311
Information technology	3,441,469	—	3,441,469
Recruitment, training, memberships, and subscriptions	389,862	—	389,862
Other expenses	953,655	—	953,655
Interest expense and bank fees	301,313	—	301,313
Depreciation	5,179,168	—	5,179,168
Total expenses	76,473,554	—	76,473,554
Change in net assets	(3,802,656)	(491,531)	(4,294,187)
Net assets – beginning of year	26,513,021	12,629,635	39,142,656
Net assets – end of year	$ 22,710,365	12,138,104	34,848,469

See accompanying notes to financial statements.

NEW YORK GENOME CENTER, INC.

Statements of Cash Flows

Years ended December 31, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	11,067,605	(4,294,187)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		5,919,357	5,179,168
Private capital grants		(1,913,641)	—
Reduction in carrying amount of right-of-use asset		7,108,378	8,561,701
Changes in operating assets and liabilities:			
Pledges receivable		(10,627,228)	(163,140)
Accounts receivable		(17,317)	898,955
Prepaid expenses		1,092,350	(279,344)
Inventory		652,935	163,810
Other assets		(83,846)	(4,554)
Accounts payable and accrued expenses		(835,479)	2,902,046
Deferred revenue		(1,036,984)	3,145,464
Operating lease liabilities		(8,216,614)	(9,384,909)
Net cash provided by operating activities		3,109,516	6,725,010
Cash flows from investing activities:			
Purchase of property and equipment		(5,798,193)	(1,573,134)
Purchase of short-term investments		(3,505,459)	—
Proceeds from security deposit		919,112	903,753
Net cash used in investing activities		(8,384,540)	(669,381)
Cash flows from financing activities:			
Payment of finance lease obligations		(278,135)	—
Payment of long-term debt		(720,000)	(720,000)
Net cash used in financing activities		(998,135)	(720,000)
Net (decrease) increase in cash		(6,273,159)	5,335,629
Cash – beginning of year		15,599,937	10,264,308
Cash – end of year	$	9,326,778	15,599,937
Supplemental disclosures of noncash investing and financing activities:			
Right-of-use asset obtained in exchanged for finance lease obligations	$	2,331,386	—
Contribution of reagents		1,358,361	2,153,885

See accompanying notes to financial statements.

(1) Description of Organization

(a) Organization

The New York Genome Center, Inc. (the Center) was incorporated on August 4, 2010 as a non-stock corporation under the laws of the State of Delaware. The Center is recognized by the Internal Revenue Service as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center's mission is centered around furthering genomic research that leads to scientific advances and new insights and therapies for patients with neurodegenerative disease, neuropsychiatric disease, and cancer. In 2020, the Center expanded its research to include the study of the genomics underlying the host-pathogen biology of SARS-CoV-2 and associated COVID-19 disease and expanded its clinical lab to perform SARS-CoV-2 virus testing for the community. The Center serves as a nexus for collaboration in genomic research for the New York community and beyond.

The Center's faculty support the scientific vision of New York Genome Center through the advancement of genomic technology and medicine. In the collaborative spirit, faculty members have joint appointments with the Center's institutional founding members, which strengthen the Center's research capabilities, advance academic leadership, and enhance the Center's understanding of human diseases.

The Center generates revenues from contributions, grants, genome sequencing, analysis, and research performed with and for academic and scientific investigators, including its member institutions.

The Center started its initial sequencing services in 2012. Sequencing is a laboratory process that determines the DNA sequence of an organism's genome. A single human genome yields approximately 250 gigabytes of data. This sequence data is computationally analyzed to interpret the genomic sequence compared to a reference genome. Bioinformatics is a branch of biological science that deals with analyzing biological data and expressing it graphically using specialized software and computational methods. Bioinformatics is used to detect and identify genomic variations. In humans, genetic variation can have medical consequences affecting the susceptibility or predisposition of an individual, family or population to disease, including a wide array of genetic diseases such as cancer, diabetes, cardiovascular disease, autism, and Alzheimer's disease. Genetic variations can also affect an individual's response to certain drug treatments, causing her or him to respond well, not respond at all, or experience adverse side effects.

The Center's institutional founding members are: Cold Spring Harbor Laboratory, Cornell University/Weill Cornell Medical College, Memorial Sloan-Kettering Cancer Center, Icahn School of Medicine at Mount Sinai, New York-Presbyterian Hospital, New York University, Northwell Health, The Research Foundation of State University of New York, on behalf of Stony Brook University, The Rockefeller University, The Trustees of Columbia University in the City of New York, and Albert Einstein College of Medicine.

(b) Concentration of Support

The Center relies on philanthropic contributions to further its mission, with significant support provided over time by two board members. In May 2019, the two board members pledged a conditional $125 million five-year gift, payable in installments totaling $25 million annually, to support the continued operations of the Center. In 2022 and 2023, the Center received $25 million as pledged. In March 2024, the Center received an installment of $6.25 million and expects to receive the remaining

$18.75 million in accordance with the donors' pledges by the end of 2024. In 2023, the two board members renewed their support for the Center with a new $125 million, five-year, conditional pledge with initial payment expected in 2025. The Center continues to rely on contributions from these two donors.

In 2023, the Center raised $2.7 million as seed funding for the Thomas Maniatis Chair for Excellence and Innovation in Genomic Science Fund (the Chair). In establishing the Chair, the Center's board of directors recognized and honored the integral role played by Thomas Maniatis, Ph.D., in making the Center a leader in the furtherance of genomic research. The board stipulated that the Chair should be treated as a quasi-endowment for the lasting benefit of the Center's Scientific Director and CEO. The Chair will be inaugurated upon the Center's receipt of $5 million in philanthropic gifts; thereafter, the board will make available to the Scientific Director and CEO, a designated portion of the annual earnings on the Chair (anticipated to be 5% of the average market value of the Chair).The board maintains certain discretion to use some or all of the Chair's funds to support other essential needs of the Center.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America (GAAP).

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 820, *Fair Value Measurement*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted or published prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities

(d) Cash

The Center maintains its cash in deposit accounts with a financial institution, which at times may exceed the federally insured limits. The Center has not incurred any losses in such accounts and believes it is not exposed to any significant credit risk as of December 31, 2023 and 2022.

(e) Investments

Short-term investments consist of investments in 30-day Treasury bills and are considered Level 1 investments.

Included in investments are stocks issued to the Center by newly-formed biotechnology companies in return for various rights to the Center-developed intellectual property. When the Center receives such stocks, the value of each share of stock is based on the amount outside investors in the company have paid per share. The Center reduces this amount by an appropriate valuation allowance, reflecting the high risk associated with startup companies and limitations on the transferability of such stock, to arrive at the initial cost basis of the stock. The values of the stocks are not adjusted until either a) the company is determined to have no value at which time the value of the stock is written off; b) the company is sold at which time a gain or loss is recognized; or c) the company completes an initial public offering (IPO) and its stock becomes publicly traded on a securities exchange. At the time of the IPO, the value of the stock is increased to fair value based on factors such as the quoted price of the stock and/or contractual or governmental restrictions that may limit its sale or transfer.

(f) Royalty and License Revenue

Royalty and license revenues result from the transfer of intellectual property rights developed by employees of the Center and its partners. In accordance with the Center's policy, royalty and license revenues are distributed to the inventors using an income sharing formula. The portion retained and recognized by the Center is recorded on the statements of activities as corporate sponsored research.

(g) Accounts Receivable

Accounts receivable are recorded at the net invoice value and are not interest-bearing. The Center reviews its exposure to accounts receivable and reserves specific amounts if collectability is not reasonably assured. The December 31, 2023 and 2022 balances include $1.0 million and $0.6 million, respectively, of accounts receivable from sequencing activities from members. As of December 31, 2023 and 2022, the Center did not deem it necessary to record allowances for uncollectible accounts.

(h) Inventory

Inventory is stated at the lower of cost (on a first-in, first-out basis) or market. Inventory includes raw materials used in sequencing and research and development processes, as well as work in process. Work in process includes an allocation of labor and overhead costs. Labor for work in process is allocated based on the number of samples in work in process, as compared to the total number of samples processed for the year. Overhead, including depreciation of sequencing machines, is allocated based on the number of samples in work in process, as compared to total capacity for the year. Provisions for slow-moving, excess, and obsolete inventories are estimated based on product lifecycles, quality issues, historical experience, and usage forecasts. Management evaluated the inventory for obsolescence and recorded a provision of $0.1 million at December 31, 2023 and 2022.

(i) Pledges Receivable

Pledges receivable, which have a stipulated time and/or purpose restriction, are included in net assets with donor restrictions at December 31, 2023 and 2022.

Unconditional promises to give which are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give which are to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts were computed using a discount rate of 4.70% to 4.46% at December 31, 2023 and 2022, respectively. Amortization of the discount is recorded as an increase in contribution revenue. The Center periodically assesses the collectability of its pledges and provides allowances for anticipated losses, if any. The Center did not write off any pledges that were deemed not collectible in 2023 or 2022.

(j) Property and Equipment

Property and equipment acquisitions are recorded at cost, except donated assets that are recorded at fair value at the date of donation. Depreciation is recorded over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Leasehold improvements are amortized over the life of the asset or term of the lease, whichever is shorter. Estimated useful lives utilized to calculate depreciation are as follows:

Furniture, fixtures, and equipment	3–10 years
Scientific equipment and IT equipment	3–5 years
Software	5 years

Gifts of land, building, and equipment are reported as without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(k) Leases

The Center classifies leases as either operating or financing depending on the terms and conditions set forth in the contract. On the statements of financial position, the operating right-of-use assets represent the Center's right to use the underlying assets for the lease term and lease liability represents the Center's obligation to make lease payments arising from the leases. Operating right-of-use assets and lease liabilities are recognized at lease commencement based on the present value of lease payments over the lease term discounted using a risk-free discount rate. Operating right-of-use assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the effective interest method.

(l) Security Deposit

The Center is required, pursuant to the terms of an operating lease agreement for a building lease, to maintain collateral in an aggregate amount of $5.5 million and $6.4 million, in 2023 and 2022,

respectively, in a separate interest-bearing account as security for the Center's obligations under the operating lease agreement. Refer to note 9 for further discussion of the operating lease agreement.

(m) Net Assets with Donor Restrictions

Net assets with donor restrictions represent those resources whose use has been restricted by donors to specific purposes and/or the passage of time (i.e., pledges). Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	2023	2022
Time-restricted	$ 9,046,439	2,856,636
Restricted for research, and other programs	16,664,710	9,281,468
	$ 25,711,149	12,138,104

(n) Revenue Recognition

Contributions – Contributions to the Center are recorded as revenues at the earlier of the receipt of unconditional pledges or of cash or other assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions, whose restrictions are met within the same year as received, are reflected as contributions without donor restrictions. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as increases of net assets without donor restrictions. Contributions are considered conditional if a barrier must be overcome to be entitled to the funds and if a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. Conditional pledges are not reported as support until the conditions are met. In-kind donations are recorded as a contribution at fair market value and expenses are included in the applicable functional line item. If the in-kind donation is restricted, then it is recorded as donor restricted in-kind contribution and, accordingly, released from restriction when the restriction is met.

Members' dues – The Center charges an annual membership fee to its members (institutional founding members and associate members). Revenues are pro-rated and recognized evenly over the one-year membership period.

Sequencing – The Center recognizes revenue when the following elements have been met: (i) a formal arrangement exists, (ii) delivery has occurred, or services have been rendered, (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured.

Deferred revenue includes payments received in advance for sequencing services, including amounts received from grantors for research projects. Deferred revenue also includes the remaining balance of the New York City Economic Development Corporation (NYCEDC) loan that was converted to a grant in 2020 and reclassified as deferred revenue (note 4), and members' dues received in advance.

Currently, the Center performs a variety of sequencing activities as one service package and may collect fees upon services delivery, upfront fees or periodic payments based on contract milestones. Revenue is recognized at the amount the Center expects to collect in exchange for the services provided. The Center reviewed these service agreements for the value of individual elements and to ascertain whether they are separable from the other aspects of the contractual relationship and concluded these agreements are interdependent and are treated as one agreement. If periodic payments are required, a determination is made to ascertain if they represent consideration for milestones achieved.

Service agreements may be terminated by the customer at any time; however, the customer remains responsible for any costs incurred by the Center in connection with the services, including any services the Center has in process under the quotation during the time of notification of termination. The services may be terminated by the Center upon 30 days' written notice to the customer, if the customer fails to pay the fees due to the Center or breaches any of the terms and conditions or other customer obligations outlined in the quotation.

During 2023 and 2022, the Center recognized $3.1 million and $6.0 million, respectively, of sequencing revenue from the members. The revenue and cost associated with these services were recognized as research or clinical sequencing services and sequencing costs, respectively, in the statements of activities.

(o) Income Taxes

The Center is subject to the provisions of the FASB ASC Section 740-10-05, *Income Taxes – Overall*, relating to accounting and reporting for uncertainty in income taxes. The Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained and has determined it did not have any exposure to uncertain tax positions during 2023 and 2022.

(p) Change in presentation

Certain prior year amounts were reclassified in order to conform to the current year presentation.

(3) Pledges Receivable

Pledges receivable as of December 31, 2023 and 2022 included in the statements of financial position are as follows:

	2023	2022
Amounts expected to be collected in:		
Less than one year	$ 6,315,736	3,175,916
One to five years	13,406,000	5,199,312
Total	19,721,736	8,375,228
Discount to present value of future cash flows	(1,072,238)	(352,958)
Total	$ 18,649,498	8,022,270

Approximately $2.6 million and $4.1 million of gross pledges receivable at December 31, 2023 and 2022, respectively, are from members of the Center's board of directors.

(4) Grants

The Center received various grants from the National Institute of Health (NIH) to support its research. Included in revenue from grants and clinical sequencing services is $22 million and $15 million of amounts recognized from the NIH for the years ended December 31, 2023 and 2022.

On November 16, 2012, the Center entered into a loan agreement with the NYCEDC. Pursuant to the agreement, the NYCEDC loaned the Center an aggregate principal amount of $5 million to finance part of the cost of outfitting, furnishing, and equipping the Center's facilities. Principal payments commenced on January 1, 2018, and were payable quarterly through December 31, 2022. Interest on the loan accrued at 5% of the aggregate principal and was payable quarterly. Under the terms of the loan agreement, the Center was subject to certain financial covenants. The balance of the principal of $3,249,000 was converted to a grant on December 31, 2019, and interest of $81,579 was waived. The loan was reclassified to deferred revenue on the statements of financial position. Under the terms of the grant agreement, certain conditions need to be met monthly. As conditions are met monthly, grant revenue is recognized. In the event the conditions are not met, the interest rate on the remaining recapture amounts will be 5%. In 2023 and 2022, the Center recognized revenue of $553,169 and $526,245, respectively, from this grant within other revenue.

(5) Property and Equipment

Property and equipment consist of the following as of December 31, 2023 and 2022:

		2023	2022
Leasehold improvements	$	71,120,689	71,120,415
Furniture, fixtures, equipment		1,931,778	1,792,609
Scientific equipment		34,194,319	30,433,194
IT equipment		30,425,829	29,778,946
Software		5,078,222	1,496,094
Total		142,750,837	134,621,258
Less accumulated depreciation		(96,679,560)	(90,760,203)
Property, plant and equipment, net	$	46,071,277	43,861,055

The Center occupies a research facility at 101 Avenue of the Americas in New York City. The facility serves as the Center's headquarters. The Center's leasehold improvements represent the extensive build-out required to renovate the office space into a lab and genomic sequencing center. The Center purchased nearly $3.1 million of new information technology equipment in preparation of building a new data center and capitalized $0.5 million in software development.

(6) Total Expenses by Function

Certain expenses can be directly identified with the program and supporting service to which they relate and are charged accordingly. Other expenses (e.g., depreciation, interest, and rent) have been allocated to program and support service classifications using bases determined by management to be reasonable (i.e., square footage, employee head count). The Center's total expenses are classified by function and natural expense accounts as follows for the years ended December 31, 2023 and 2022.

	2023		
	Program	**Support**	**Total**
Salaries, payroll taxes, and employee benefits	$ 25,293,247	8,396,945	33,690,192
Rent utilities, maintenance, insurance (note 9)	15,524,130	3,818,624	19,342,754
Direct cost of sequencing	15,563,736	—	15,563,736
Professional fees	6,403,330	761,812	7,165,142
Information technology	3,506,146	330,739	3,836,885
Recruitment, training, memberships, and subscriptions	225,860	177,931	403,791
Other expenses	542,298	387,899	930,197
Interest expense and bank fees	195,817	114,552	310,369
Depreciation	5,650,103	269,254	5,919,357
	$ 72,904,667	14,257,756	87,162,423

	2022		
	Program	**Support**	**Total**
Salaries, payroll taxes, and employee benefits	$ 21,117,333	8,184,881	29,302,214
Rent utilities, maintenance, insurance (note 9)	14,889,960	3,533,070	18,423,030
Direct cost of sequencing	12,804,532	—	12,804,532
Professional fees	4,942,189	736,122	5,678,311
Information technology	3,057,024	384,445	3,441,469
Recruitment, training, memberships, and subscriptions	200,327	189,535	389,862
Other expenses	371,219	582,436	953,655
Interest expense and bank fees	165,081	136,232	301,313
Depreciation	4,834,587	344,581	5,179,168
	$ 62,382,252	14,091,302	76,473,554

(7) Line of Credit

The Center had a $5 million unsecured credit line facility available through December 31, 2023, which is guaranteed by the personal assets of two board members. Borrowings under the line of credit bear interest at approximately 6.6%, Bloomberg Short Term Bank Yield plus 1.75%. The LIBOR rate used in prior years was phased out in January 2022. Interest is payable monthly. On June 29, 2023, the line of credit was extended through June 29, 2024, with no changes to the credit line or interest rate.

The line of credit was not used during 2023 or 2022.

(8) Long-Term Debt

Long-term debt as of December 31, 2023 and 2022 included in the statements of financial position is as follows:

	2023	2022
New York City Partnership Foundation, Inc., subordinal	$ 2,660,000	3,380,000
Total long-term debt	$ 2,660,000	3,380,000

On November 21, 2012, the Center entered into a loan agreement with the New York City Partnership Foundation, Inc. (PFNYC). Pursuant to the agreement, the PFNYC loaned the Center an aggregate principal amount of $5 million to support the build-out of the Center's headquarters and initial operations, working capital, and general corporate purposes. Principal payments commenced on March 31, 2016, and were payable quarterly through December 31, 2020. In April 2017, the Center amended the loan agreement to defer remaining payments on the loan balance to recommence on March 31, 2021. Interest on the loan accrues at 5% of the aggregate principal and is payable quarterly. Under the terms of the loan agreement, the Center is subject to certain financial covenants. On December 18, 2019, NYCPF agreed to waive the minimum fixed charge coverage ratio for the quarter ended December 31, 2019. Management believes that the Center was in compliance with all other aspects of such financial covenants at December 31, 2023 and 2022.

Required principal payments on long-term debt as of December 31, 2023 are as follows:

Year ending December 31:	
2024	$ 720,000
2025	720,000
2026	1,220,000
Total	$ 2,660,000

(9) Leases

Lessee

In July 2012, the Center entered into a lease agreement for 170,000 square feet of office space in New York City, New York to construct its research facility. The term of the lease is 20 years and contains an abatement period. Rental payments began in October 2013.

Under the terms of the lease agreement, the Center was required to issue a letter of credit for a security deposit of $11 million. The funds deposited by the Center as collateral for the letter of credit are restricted by the Center's bank and can only be accessed by modifying the letter of credit. On the 5th anniversary of the rent commencement date, October 2018, the Center was entitled to reduce the amount of the letter of credit annually. The letter of credit was reduced by $0.9 million, in October 2023 and 2022. The Center reported $5.5 million and $6.4 million as security deposits at December 31, 2023 and 2022, respectively.

This lease agreement contains two renewal options for periods of 10 years each. Because the Center is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from lease payments.

On July 20, 2012, the Center entered into a lease agreement for data center facilities. Rental payments began on October 1, 2013. On November 1, 2023, the Center entered into a lease agreement to amend and extend the current lease for the data center facilities. Rental payments began on March 1, 2024, and the lease expires on February 28, 2025.

Rent expenses were approximately $13.1 million and $12.9 million for the years ended December 31, 2023, and 2022, respectively. Total rent payments were approximately $14.1 million and $13.8 million for the years ended December 31, 2023, and 2022, respectively.

Future minimum rent payments for each of the succeeding five years and thereafter related to the two leases, are as follows. The present value of the lease payments was determined using a 10-year risk-free rate of 3.5%, 2-year risk-free rate of 3.8%, and 1-year risk-free rate of 5.2%:

Year ending December 31:	
2024	$ 14,659,942
2025	13,091,770
2026	12,781,520
2027	12,781,520
2028	13,035,808
Thereafter	65,543,694
Present value discount	(20,373,660)
Total	$ 111,520,594

As of December 31, 2023, approximately $2.3 million of information technology equipment was financed through finance leases. Payment of $0.309 million, of which $0.278 million was principal and $0.031 million was interest, was made as of December 31, 2023. No payments were made as of December 31, 2022.

Lessor

In January 2017, the Center and Johnson & Johnson Innovation, LLC (JNJ) announced a collaboration to develop a life sciences “incubator” for early-stage biotechnology, pharmaceutical, medical device, and medical consumer companies. Under an operating agreement between the parties, the Center renovated approximately 30,000 square feet of vacant, unimproved space for the incubator at its research facility, and JNJ manages the recruitment and licensing of space in the incubator to early-stage companies. The term of the agreement is five years, beginning June 2018, with the Center receiving an annual operating fee and reimbursement for operating expenses for each year. In January 2023, JNJ extended the lease term for an additional five years.

On September 21, 2021, the Center entered into a leasing agreement with Oxford Nanopore Technologies (ONT) for furnished office space. The term of the lease is from November 1, 2021, through October 31, 2027.

The Center is a lessor in two long-term non-cancellable leases through 2028. Total operating lease revenues and cash payments totaled $4,375,458 and $4,094,524 as of December 31, 2023 and 2022, respectively. Receivables of $0.2 million were outstanding at December 31, 2023 and 2022. No additional direct costs were incurred and there were no impairments at December 31, 2023.

The Center will receive the following fees from JNJ for the next four years:

Year ending December 31:		
2024	$	2,215,039
2025		2,215,039
2026		2,215,039
2027		2,215,039
Total	$	8,860,156

The Center will receive the following fees from ONT for the next five years and thereafter:

		Total
Year ending December 31:		
2024	$	852,645
2025		860,397
2026		899,155
2027		775,128
2028		158,187
Thereafter		167,763
Total	$	3,713,275

(10) Employee Benefits

Defined Contribution Retirement Plan – The Center has a defined contribution retirement plan in accordance with Section 401(k) of the Internal Revenue Code. The Center's plan contributions were approximately $1.4 million and $1.2 million for the years ended December 31, 2023 and 2022, respectively.

Deferred Compensation Plan – In 2016, the Center adopted a deferred compensation plan in accordance with Section 457(b) of the Internal Revenue Code. The fair value of the assets and related liability to employees were $0.3 million and $0.2 million at December 31, 2023 and 2022, respectively. The assets and related liabilities are reflected in the statements of financial position within other assets and accounts payable and accrued expenses, respectively.

(11) Liquidity

The Center monitors and reviews the availability of resources required to meet its operating needs on a regular basis and structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. General expenditure includes support and operational costs, including sequencing and research costs. The following reflects the Center's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Amounts available include cash, accounts receivable and pledges receivable. Pledges receivable in the table below are expected to be collected within one year and do not have a purpose restriction. In addition to the financial assets available, the Center also anticipates collecting sufficient revenue, from existing and new grants and contributions to cover any remaining general expenditures. The Center also maintains a revolving line of credit of which is available to manage unanticipated liquidity needs (note 7).

		2023	2022
Cash and cash equivalents	$	6,620,778	15,599,937
Short-term investments		3,505,459	—
Accounts receivable, net		7,382,860	5,451,902
Pledges receivable, net		6,315,736	3,175,916
Security deposit		—	925,737
Total financial assets		23,824,833	25,153,492
Liquidity resources:			
Line of credit (available at December 31)		5,000,000	5,000,000
Total financial assets and other liquidity resources	$	28,824,833	30,153,492

In addition to the above, as discussed in note 3, the Center received $25 million of the 2019 conditional pledge in 2023 and expects to receive another $25 million in 2024. In 2023, the Center received new conditional pledges of $125 million over five years with the initial payment expected in 2025. Restricted cash of $2.7 million from the Maniatis Endowed Chair is excluded from the analysis.

(12) Subsequent Events

The Center has evaluated subsequent events through May 22, 2024, the date the financial statements were available to be issued and have concluded there are no additional disclosures required.

NEW YORK GENOME CENTER, INC.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal grantor/pass-through grantor/program or cluster title	Pass through agency	Federal assistance listing number	Other identification number	Federal expenditures		
				Expenditures	Pass-through to subrecipients	Total
Research and Development Cluster:						
U.S. Department of Health and Human Services (HHS):						
Spatially Resolved Dynamics of Molecular Pathology and Intercellular Interactions in Amyotrophic Lateral Sclerosis	Direct	93.853	5R01NS116350-04	$ 403,874	82,787	486,661
Regulatory modifiers of coding variant penetrance via haplotype epistasis in human populations and diseases	Direct	93.859	5R01GM122924-05	48,166	—	48,166
Center for Integrated Cellular Analysis	Direct	93.172	5RM1HG011014-04	1,258,603	906,352	2,164,955
Center for Integrated Cellular Analysis	Direct	93.172	5RM1HG011014-04	380,102	59,842	439,944
Center for Integrated Cellular Analysis	Direct	93.172	5RM1HG011014-04	208,229	—	208,229
Center for Integrated Cellular Analysis	Direct	93.172	5RM1HG011014-04	205,847	—	205,847
Integrating spatial multi-omics and clinical covariates to identify mechanisms of disease in ALS-FTD	Direct	93.853	5R01NS118183-05	773,048	261,797	1,034,845
NCI Methylation	Direct	93.000	75N91019D00032	50,743	—	50,743
RBP binding to improve predictive models of RNA splicing	Direct	93.859	1F32GM142213-01	15,845	—	15,845
Fine-mapping Psychiatric disease	Direct	93.242	1R56MH127844-02	146,976	468,690	615,666
Narzisi U01 Advance Development of Lancet	Direct	93.396	5U01CA253405-03	584,294	28,418	612,712
Centralized Omics REsource (CORE) Year 5 – RNA Transcriptome Sequence	Direct	93.000	268201600036I	4,470,751	—	4,470,751
Integrated analyses of the epigenome to understand the molecular basis of hematopoietic malignancies	Direct	93.398	5K99CA267677-02	71,248	—	71,248
Center for Integrated Cellular Analysis	Direct	93.172	5RM1HG011014-03	300,646	—	300,646
In situ functional genomics to understand transcriptional regulation	Direct	93.310	4DP2HG010099-02	9,381	—	9,381
Studying the mammalian regulatory circuits by developing single-cell multi-omics technologies	Direct	93.172	5R00HG011483-04	155,217	—	155,217
Perturbation-response approaches to determining the regulatory networks underlying human complex traits	Direct	93.000	5K99HG012373-02	93,715	—	93,715
A CRISPR/Cas13 approach for identifying individual transcript isoform function in cancer	Direct	93.396	5R21CA272345-02	362,162	—	362,162
Comprehensive reference atlas construction, geolocation and data integration for HuBMAP HIVE [5 of 5]	Direct	93.000	3OT2OD033760-01S1	1,018,348	271,472	1,289,820
A CRISPR/Cas13 approach for identifying individual transcript isoform function in cancer	Direct	93.296	5R21CA272345-02	19,180	—	19,180
Delineating the network effects of mental disorder-associated variants using convex optimization methods	Direct	93.242	5R01MH130879-02	507,107	304,637	811,744
Linking GWAS variants to function with single-cell pooled CRISPR screens	Direct	93.172	5K99HG012792-02	82,183	—	82,183
NYGC BICAN Sequencing Core – Task Area #1 Manual of Operations	Direct	93.000	75N95023D00007/75N95023F00001	1,068,838	—	1,068,838
LTBR CARs as next-generation therapies for R/R lymphoma	Direct	93.395	1R01CA279135-01	365,480	53,124	418,604
New York Genome Characterization Center – SMaTH Program	Direct	93.310	1UM1DA058236-01	230,858	—	230,858
Studying the Regulatory Dynamics with Single-cell Multiomics	Direct	98.859	1DP2GM154011-01	27,020	28,526	55,546
Multiscale genome engineering to map cis-regulatory variants in human and mouse	Direct	93.172	1R01HG012790-01	174,389	—	174,389
NHLBI Trans-Omics for Precision Medicine (TOPMed) for the Centralized Omics Resource (CORE 2.0) – Task Order 2	Direct	93.000	75N92023D00016/75N92023F00002	1,000	—	1,000
Direct Nanopore Detection of Modified RNA to Probe Structure and Dynamics	Johns Hopkins University	93.172	5R01HG010538-03	5,757	—	5,757
Higher Order Chromatin and Genetic Risk for Schizophrenia (NIHsub)	Icahn School of Medicine at Mount Sinai	93.242	5R01MH106056-00	111,667	—	111,667
PAGES:PhysicalActivityGenomics,EpIgenomics/transcriptomicsSite	Icahn School of Medicine at Mount Sinai	93.310	5U24DK112331-06	148,263	—	148,263
Integrative analysis of genetic variation and transcription factor networks to elucidate mechanisms of mental health disorders	Columbia University	93.242	5R01MH106842-06	387,690	—	387,690
Computational Methods for identifying Non-coding Cancer Drivers	Weill Cornell Medical College	93.393	5R01CA218668-04	35,701	—	35,701
Defining Epidrivers of CLL Evolution in Response to Targeted Therapy	Weill Cornell Medical College	93.393	5R01CA229902-0X	107,663	—	107,663
Combining new molecular and informatic strategies to find hidden ways to treat brain disease	Rockefeller University	93.853	5R35NS097404-07	40,380	—	40,380
Connecting TDP-43 Pathology to the Molecular Profiles of Neurodegeneration	New York University	93.853	1RF1NS118570-01	566,129	—	566,129
Understanding Cellular and Transcriptional Regulatory Changes in Human Aging	Albert Einstein College of Medicine	93.866	5R01AG057422-06	284,740	—	284,740
Learning the Regulatory Code of Alzheimer's Disease Genomes	Icahn School of Medicine at Mount Sinai	93.866	5U01AG068880-03	562,091	—	562,091
Comprehensive and Robust Tools for Analysis of Tumor Heterogeneity and Evolution	Princeton University	93.396	5U24CA248453-04	199,844	—	199,844
Leidos -MP2PRT GCC: FFPE DNA High Coverage WGS/WES project	Leidos	93.000	22X002Q	1,159,680	—	1,159,680
EHR-linked biobank data	University of Pennsylvania	93.859	5R01GM138597-04	25,726	—	25,726
Cellular Senescence Network (SenNet) Consortium Organization and Data Coordinating Center (CODCC)	University of Pittsburgh	93.310	1U24CA268108-03	199,815	—	199,815
Characterizing complex structural variation in Alzheimer's Disease	Columbia University	93.866	5UF1AG068028-02	567,346	—	567,346
A Multi-scale Atlas of Senescence in Diverse Tissue Types	Columbia University	93.000	5U54AG076040-03	63,238	—	63,238
The Joint WCM-NYGC Center for Functional and Clinical Interpretation	Weill Cornell Medical College	93.394	5U24CA264032-03	154,772	—	154,772
Developmental GTEx Laboratory, Data Analysis and Coordination Center	Broad Institute of MIT and Harvard	93.172	5U24HG012090-03	29,064	—	29,064
The DARC side of Breast Cancer Disparities – African Ancestry and Cancer-Related Immune Response	Icahn School of Medicine at Mount Sinai	93.396	5R01CA259396-02	10,564	—	10,564
Resolving complex alternative splicing of psychiatric disease genes using single-cell approaches	Icahn School of Medicine at Mount Sinai	93.242	5R01MH125579-02	24,869	—	24,869
Realistic quantification of potential privacy loss from genomic summary results	Columbia University	93.172	4R00HG010909-03	19,235	—	19,235
Prenatal Genetic Diagnosis by Genomic Sequencing: A Prospective Evaluation	Columbia University	93.865	5R01HD055651-14	95,735	—	95,735
Application of 4i multiplexed immunofluorescence imaging to diverse tissue types	Buck Institute for Research on Aging	93.310	5U54AG075932-02	4,977	—	4,977
Initiation of Diffuse and Intestinal Non-Cardia Gastric Cancer	Columbia University	93.396	5R01CA272891-02	176,057	—	176,057

(Continued)

NEW YORK GENOME CENTER, INC.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

Federal grantor/pass-through grantor/program or cluster title	Pass through agency	Federal assistance listing number	Other identification number	Federal expenditures		
				Expenditures	Pass-through to subrecipients	Total
Developmentally regulated enhancers and chromatin architecture in human neurogenesis	New York University	93.853	5R01NS124920-02	$ 47,151	—	47,151
Genome wide mutational integration for ultra-sensitive cancer monitoring for adjuvant therapy and immunotherapy optimization	Weill Cornell Medical College	93.394	5R01CA266619-02	265,655	—	265,655
Tools to address the challenges of privacy-preserving sharing and analysis of biomedical data	Columbia University	93.859	1R35GM147004-02	241,768	—	241,768
The Role of Kaiso as a predictive breast cancer biomarker in Africa and across the African Diaspora	Columbia University	93.396	1R01CA266040-01	84,162	—	84,162
A Clinical Trial of GenomeDiver for Improved Diagnosis of Pediatric Rare Diseases	Albert Einstein College of Medicine	93.172	5R21HG012404-02	97,777	—	97,777
Coordinating Center for the Program on the Origins of Gastroesophageal Cancers	Columbia University	93.000	5U24CA272897-02	215,476	—	215,476
Shapeshifters in Cancer: Defining the Fundamental Forces of Leukemia Evolution	Weill Cornell Medical College	93.310	1DP2CA239065-01	300,000	—	300,000
Sennet Service Contract with CU	Columbia University	93.000	—	249,999	—	249,999
Role of PFC Activity in the Behavioral Deficits Induced by Maternal Separation	New York University	93.860	1R01HD110541-01	22,124	—	22,124
Single-cell multi-omics to link clonal mosaicism (CM) genotypes with chromatin, epigenomic, transcriptomic and protein phenotypes	Weill Cornell Medical College	93.310	1UG3NS132139-01	111,341	—	111,341
Enhancing Susceptibility of HIV Reservoirs to CTL Through a Discovery to Translational Approach	Weill Cornell Medical College	93.855	5R01AI176601-02	283,671	—	283,671
EXposomic Profiling in Airway disease to uNravel Determinants of disease in Asthma (EXPAND-Asthma) Center	University of California San Francisco	93.172	1U01ES035575-01	2,047	—	2,047
Elucidating mediators of genetic instability in Candida glabrata	Hackensack Meridian Health	93.855	5R21AI168729-02	723	—	723
Subtotal HHS				19,936,147	2,465,645	22,401,792
U.S. Department of Defense (DoD):						
Novel complex structural variants	Weill Cornell Medical College	12.420	W81XWH-21-10762	17,388	—	17,388
Single nucleus transcriptomic profiling in postmortem spinal cord of ALS patients	Direct	12.420	W81XWH-22-10126	168,442	—	168,442
Subtotal DoD				185,830	—	185,830
Total Research and Development Cluster				20,121,977	2,465,645	22,587,622
Total expenditures of federal awards				$ 20,121,977	2,465,645	22,587,622

See accompanying notes to schedule of expenditures of federal awards.

NEW YORK GENOME CENTER, INC.

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the New York Genome Center, Inc. (the Center) under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The Center uses the indirect cost rate agreed upon with the federal grantor.

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
New York Genome Center, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New York Genome Center, Inc. (the Center), which comprise the Center's statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center*'s* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center*'s* internal control. Accordingly, we do not express an opinion on the effectiveness of the Center*'s* internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center*'s* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

New York, New York
May 22, 2024

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
New York Genome Center, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New York Genome Center, Inc.'s (the Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended December 31, 2023. The Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government*

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Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Center as of and for the year ended December 31, 2023 and 2022, and have issued our report thereon dated May 22, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2023 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 2023 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 financial statements or to the 2023 financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2023 financial statements as a whole.

KPMG LLP

New York, New York
September 24, 2024

NEW YORK GENOME CENTER, INC.

Schedule of Findings and Questioned Costs

Year ended December 31, 2023

(1) Summary of Auditors' Results

(a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **None Reported**

(c) Noncompliance material to the financial statements: **No**

(d) Internal control deficiencies over the major program disclosed by the audit:

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

(e) Type of report issued on compliance for the major program: **Unmodified**

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

(g) Major program:

- Research and Development Cluster – various ALN numbers

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

(i) Auditee qualified as a low risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None